





COMPTROLLERSHIP IN THE BUREAU  
OF NAVAL WEAPONS

by

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Prepared for

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## CHAPTER I

### INTRODUCTION

#### The New Bureau of Naval Weapons

The establishment of the Bureau of Naval Weapons on September 1, 1959 was a significant milestone in the evolution of the Navy's bureau organization.<sup>1</sup> The Bureau of Naval Weapons is the largest single organization in the Navy Department. It comprises approximately 4,400 departmental personnel and over 200,000 persons in the field establishment under its management control. Its annual budget is approximately \$4.5 billion dollars a year (about 40% of the total Navy Department). Its R & D budget includes about 70% of the total Navy R & D funds available. The Bureau of Weapons exercises management control of approximately 50% of the total physical plant of the Department, including some 325 shore activities.<sup>2</sup>

#### Formation of the Bureau of Naval Weapons

#### Recommendation of the Committee on Organization of the Navy Department 1959

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<sup>1</sup>Navy Management Review, NAVEXOS P-910, Vol. IV, No. 10, October, 1959, p. 3.

<sup>2</sup>Bureau of Naval Weapons Organizational Planning Instruction Number 7, Basic Concepts of the Organization of the Bureau of Naval Weapons, August 31, 1959, p. 3.



The concept for the Bureau of Naval Weapons grew out of a recommendation of the Committee on Organization of the Department of the Navy 1959 to combine the Bureau of Ordnance and the Bureau of Aeronautics into one bureau. The recommendation was based upon the necessity for the timely development and procurement of effective weapons and equipment, and for insuring full utilization of the outstanding professional and technical ability available to the Navy. The Committee concluded that the consolidation of the two Bureaus would result in the following advantages:

1. Place approximately two-thirds of the total development effort of the Department (and much of the weapons systems development effort) under the direct authority and control of a single executive in the "producer" organization.
2. Bring within the cognizance of a single bureau most of the troublesome areas of a split cognizance in weapons systems development (with particular reference to split cognizance within missiles and between missiles and aircraft).
3. Coordinate and simplify the funding of major weapons systems, thereby expediting the development process.
4. Expedite the timely development and procurement of all components of a weapons system.
5. Promote economy through improved coordination and supervision and through more efficient use of facilities and laboratories.<sup>3</sup>

The objective of the organization of the Bureau of Naval Weapons is stated in the report of the Committee on Organization

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<sup>3</sup>Navy Management Review, op. cit., p. 5.





of the Department of the Navy as follows:

The primary objective of any reorganization of the current bureau structure is to reduce the lead time between the expression of an operational requirement and the delivery to the combat forces of a fully developed and effective weapon or weapons system for service evaluation.<sup>4</sup>

#### Implementation of the Committee Recommendation

Organizational Planning Group.--The responsibility for the implementation of the recommendation of the Committee on Organization of the Department of the Navy was assigned by the Secretary of the Navy to the Under Secretary. The Chief of the Office of Naval Materiel was directed to undertake the planning for the consolidation of the Bureau of Aeronautics and the Bureau of Ordnance in addition to his regular duties, and as such was designated as head of the Organizational Planning Group. A Rear Admiral, assigned on temporary duty from the Office of the Chief of Naval Operations, was designated as deputy to the Chief of Naval Materiel and was engaged full time on the Organizational Planning Group. A small staff of eight officers and five civilians, drawn from the Bureaus of Aeronautics and Ordnance, Office of Naval Materiel, Navy Management Office and Bureau of Supplies and Accounts, completed the Planning Group:<sup>5</sup>

The Organizational Planning Group conducted detailed studies in the various areas of planning and control, research, material management, field establishments and supporting staff.

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<sup>4</sup> Bureau of Naval Weapons Organizational Planning Instruction Number 7, op. cit., p. 3.

<sup>5</sup> Navy Management Review, op. cit., p. 3.





Full consideration was given in these studies toward an effective balance between the most desirable pattern of the Bureau of Naval Weapons organization and whatever disruption that would occur in all echelons of the two Bureaus to meet this pattern. As specific recommendations of the organizational structure of an area emerged, they were cleared by a screening committee consisting of the head of the Organizational Planning Group, the deputy, and the Chiefs of the Bureaus of Aeronautics and Ordnance.

The patterns of the Bureau of Naval Weapons organization as formulated by the Planning Group were forwarded to the Bureau of Aeronautics and the Bureau of Ordnance for the development of detailed plans in each area. Such planning included the branch and section organization, complete functional statements and required personnel levels. The Organizational Planning Group then reviewed and adjusted each of these plans to insure consonance with the general philosophy and with other planning areas and returned these plans to the Bureaus for the development of the detailed billet structure and assignment of personnel.<sup>6</sup>

#### Recommendations of the Organizational Planning Group

Specific Organizational Objectives.--The Organizational Planning Group conducted studies on the relative merits of a vertical organization versus a horizontal organization. The following is quoted in part from "Basic Concept of the Organization of the Bureau of Weapons" as prepared by the Organizational Planning Group:

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<sup>6</sup>Ibid.





A truly vertical organization would permit maximum management control and coordinated effort. It would result in a virtually autonomous organizational grouping for each major project or program of the Bureau. However, because there are 38 current weapons systems projects in the two Bureaus, 8 supporting systems programs and many other major Bureau lines of effort, a vertical organization structure was rejected. Such an organization would result in an untenable compartmentation of skills.

Thus, the Planning Group undertook to develop a basic horizontal functional organization to which is applied a mechanism for vertical program management. It established the following specific organizational objectives:<sup>7</sup>

1. To provide a horizontal functional grouping which would merge the skills of the Bureau of Aeronautics and the Bureau of Ordnance into operating groups concerned with Research and Development, Materiel Management and Field Support.
2. To establish a program management structure that would provide a vertical management tool to guide, direct and provide impetus to the Bureau's operating programs to the degree necessary to insure their expeditious accomplishment; and which could be readily adjusted to shift emphasis to new programs without basic reorganization of the Bureau.
3. To provide an overall review of the Bureau's current and projected work within the program management structure.
4. To reduce to a minimum the elements of management reporting to the Chief of Bureau to free him for his essential responsibilities in overall planning, organization, policy, financial direction and representation of the Bureau before external authorities.

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<sup>7</sup>Ibid., p. 6.



5. To completely meld the skills of the Bureau of Aeronautics and the Bureau of Ordnance in like areas of effort with particular reference to missiles.

6. To emphasize the fleet readiness effort of the Bureau.

Organizational Structure and Operating Relationships.--

In an analysis of the functions of the Chief of Bureau of Weapons, the Organizational Planning Group determined that two factors should be governing:<sup>8</sup>

1. The Chief of the Bureau should be freed to the maximum extent possible from day-to-day problems of operating management. His personal participation in internal management matters should be by exception only, and must necessarily be restricted to the most critical areas.

2. The number of personnel reporting directly to the Chief of Bureau should be kept to the minimum that would permit him to discharge his responsibilities.

The Organizational Planning Group listed the following functions which the Chief of the Bureau must reserve for his personal attention:<sup>9</sup>

1. Military Command
2. Policy Direction
3. Basic Planning
4. Representation of the Bureau before external authorities

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<sup>8</sup>Bureau of Naval Weapons Organizational Planning Instruction Number 7, op. cit., p. 3.

<sup>9</sup>Ibid., p. 4.





5. Bureau relationship with industry and the public
6. Organization
7. Personnel selection
8. Financial direction
9. Certain contractual and legal functions
10. Bureau programs of special significance.

Under the Chief of the Bureau and the Deputy Chief, the Organizational Planning Group organized the Bureau of Weapons into three primary elements:

1. The Staff Organization, consisting of those officials, and the components reporting to them, which advise and assist the Chief of the Bureau in the discharge of the responsibilities he has reserved for himself. These components also provide staff assistance and services to the rest of the Bureau as necessary and are: Office of Counsel, Patent Counsel, Inspector General and Assistant Chief for Administration and Comptroller.

2. The Program Management Organization, consisting of those officials, and the components reporting to them, to which the Chief of Bureau has delegated authority and assigned responsibility for: integrating the Bureau's planning to meet requirements of the Fleet; and providing across-the-board direction and coordination to the implementation of such plans. This element includes:<sup>10</sup>

Assistant Chief of Bureau for Program Management

Assistant Chief of Bureau for Planning and Review

Director of Strike Warfare Programs

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<sup>10</sup>Ibid., p. 5.





Director of A/S Warfare Programs

Director of Air Defense Warfare Programs

Director of Support System Programs

Director of Logistic Support Programs

Director, PMR and Astronautic Programs

3. The Operating Organization consisting of those officials, and the components reporting to them, to whom the Chief of Bureau has delegated authority and assigned responsibility for executing the approved programs of the Bureau for meeting the requirements of the Fleet. This element includes:<sup>11</sup>

Assistant Chief of Bureau for Research Development,  
Test and Evaluation

Assistant Chief of Bureau for Procurement and Production

Assistant Chief of Bureau for Fleet Readiness

Assistant Chief of Bureau for Field Support

Legislation.--During the progress of the Operational Planning Group, the request for legislative action for the establishment of the Bureau of Weapons and the disestablishment of the Bureaus of Aeronautics and Ordnance was submitted via channels to the Congress. The request was submitted on 14 May 1959 and the President signed PL 86-174 on 18 August 1959 which provided for the aforementioned legislation. The Bureau of Weapons was activated on 1 September 1959.

The Development of the Comptrollership Function in the Bureau of Weapons.--It is the object of this thesis to:

1. Examine the Comptrollership functions in the Bureau
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<sup>11</sup> Ibid.





of Ordnance and the Bureau of Aeronautics which were used as a basis for the Comptrollership function in the Bureau of Weapons. The charters of organization and the functions of the Bureaus of Ordnance and Aeronautics, as they existed prior to the disestablishment of these Bureaus, are contained in Chapters II and III respectively.

2. Examine the major differences between the Comptrollership function in the Bureau of Ordnance and that of the Bureau of Aeronautics. These differences, plus a list of those differences which were termed problem areas by the Operational Planning Group, are contained in Chapter IV.

3. Examine the Comptrollership function in the Bureau of Weapons as recommended by the Organizational Planning Group. The charter of organization and functions of the Financial Division, as adopted when the Bureau of Weapons was activated, is contained in Chapter V.

4. Note any changes that have been made in the organizational structure and functions of the Comptrollership function since the activation of the Bureau.

5. List conclusions concerning the Comptrollership function in the Bureau of Naval Weapons as developed by the Organizational Planning Group.

6. List conclusions concerning the Comptrollership function in the Bureau of Naval Weapons as it exists at the time this thesis is being written.

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## CHAPTER II

### THE COMPTROLLERSHIP ORGANIZATION AND FUNCTIONS IN THE BUREAU OF ORDNANCE

Prior to the disestablishment of the Bureau of Ordnance the Comptroller of the Bureau was headed by a civil service employee who reported directly to the Chief of the Bureau. The organization and functions of the Financial Division as they existed at that time are as follows.<sup>1</sup>

#### General Statement of Functions

Within the Bureau of Ordnance the Financial Division was organized on a vertical basis to perform the following assigned functions:

1. Control ordnance appropriations and other funds available for the use of the Bureau of Ordnance and keep such records of fiscal transactions as necessary to prevent over-obligation or over-expenditure of the appropriations and funds for which the Bureau is responsible.

2. Under the direction of the Chief of the Bureau, allocate appropriations and other funds among projects as necessary to carry out planning directives and determine the financial policies for each project under the Bureau's appropriations.

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<sup>1</sup>Bureau of Ordnance, Organization and Procedure Manual, Chapter 3, page 18.



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3. Devise and administer the necessary reporting and recording procedures to effect fiscal policies and directives issued by the Comptroller of the Navy Department and higher authorities.

4. Direct preparation of and review the Bureau's budget estimates and justifications; review schedules and data prepared by responsible divisions and recommend requirements. To this end, promulgate Bureau policies and prepare necessary directives and instructions on the procedures and methods necessary to insure compliance with Bureau of the Budget, Secretary of Defense, and Navy Department budget policies.

5. Analyze the Bureau's budget estimates and requirements and recommend to higher authority action concerning proposed budget revisions, reallocations of funds, and expenditures of surpluses.

6. Review and approve all transactions involving expenditure of funds.

7. Render periodic reports regarding the status of appropriations and other special funds to responsible administrative officers, the Chief of the Bureau, and to authorities outside the Bureau of Ordnance.

8. Perform internal audit functions for Bureau of Ordnance appropriations.

9. Establish and maintain liaison with higher budgetary and fiscal echelons, such as the Office of the Comptroller of the Navy Department, and the Comptroller, Army Ordnance Corps, both within and without the Navy Department, as necessary to discharge the budgetary and fiscal responsibilities of the Bureau of





## Ordinance.

### Functions and Assistants

The Deputy Comptroller of the Bureau of Ordnance was designated to perform the following assigned functions:

1. To serve as Acting Comptroller and Division Director in the absence of the Comptroller and Division Director.
2. Responsible for providing leadership and supervision for each of the branches of the Financial Division.
3. Responsible for the development of fiscal policies of the Bureau and act as Special Assistant to the Chief on financial matters.

The Assistant to the Division Director was designated to perform special assignments for the Comptroller and Division Director.

### Functions of Branches

The Financial Division of the Bureau of Ordnance was divided into four Branches with the Branch heads reporting to the Comptroller and Deputy Comptroller. These Branches were designated to perform the following assigned functions.

#### Fiscal Systems Branch

1. Organize and conduct internal audits and surveys of fiscal procedures in the Bureau of Ordnance, at naval ordnance establishments, and insofar as ordnance funds are concerned, at other stations.
2. Act as consultant and advisor, while conducting internal audits and surveys to key personnel (military and civilians), on fiscal matters.





3. Devise, develop, establish and implement methods of preparing station budgets and act as advisor to key field personnel concerning submission of the budgets to the Bureau of Ordnance.

4. Act as special advisor on field fiscal problems to Comptroller of the Bureau of Ordnance and to personnel in other divisions of the bureau.

5. Devise, develop, and direct installation of commercial-type financial procedures at field stations.

6. Prepare manuals, handbooks and other directives pertaining to field accounting procedures.

7. Design regular and special financial reports for use at field stations and in the Bureau of Ordnance.

8. Analyze financial statements submitted by ordnance establishments, including those operating under commercial type financing procedures.

9. Devise and develop cost accounting procedures and direct installation thereof at ordnance establishments.

10. Design and direct installation of fiscal procedures used within divisions of the Bureau of Ordnance.

11. Review organization and operation of fiscal departments at field stations.

12. Perform special studies and analyses of bureau and field level financial problems.

13. Ensure that fiscal systems are so designed as to provide direct and positive support of the Bureau's budget planning.



14. Maintain liaison on financial matters with personnel (military and civilian) at navy comptroller level, as well as intra-bureau and inter-bureau.

Administration and Accounting Branch

1. Maintain, for all funds under the control of the Bureau of Ordnance, the official appropriation, obligation, expenditure and cost accounts.

2. Maintain appropriate accounts to provide adequate management control of funds.

3. Review acts of the Bureau and proposed acts for compliance with legal, executive and departmental requirements regarding the accounting, obligating and expenditure of funds.

4. Develop and prescribe procedures for issuance of project orders and allotments.

5. Issue project orders and allotments to field activities and review Bureau procurement documents for compliance with accounting and fiscal policies and legal limitations.

6. Assume responsibility for the financial administration of Bureau contracts.

7. Perform internal audits and special departmental audits as required.

8. Prepare special reports as required by authorities outside the Bureau.

9. Issue statements indicating the Bureau's financial position.

10. Record ordnance construction costs of ships.





11. Review the rate of obligation of appropriations to insure utilization of opportunities.

Budget and Estimates Branch

1. Review, analyze and approve raw data for inclusion in budget estimates for annual and continuing fiscal programs; coordinate and prescribe the Bureau's activities in the collection, format and presentation of budget data.

2. Make policy recommendations of budgetary matters to the Bureau comptroller. Recommend apportionment and distribution of all funds made available to the Bureau.

3. Review division estimates and justification to insure compliance with policy and planning objectives of the Bureau, the Navy Department and the Defense Budget Advisory Committee.

4. Review, analyze and coordinate supporting schedules and data prepared by responsible divisions for use by budget witnesses in presenting the Bureau's budget to various levels of review.

5. Maintain budgetary controls over apportionments, fiscal programs and appropriation limitations for all appropriations and special fund accounts.

6. Maintain liaison with the Office of the Navy Comptroller, Office of the Secretary of Defense and the Bureau of the Budget.

Inter-Agency Operations Branch

1. Devise, develop and establish new and revised fiscal procedures pertaining to financial transactions with agencies





outside the Bureau.

2. Devise and implement financial reporting controls for the administration of other agencies' funds at shore establishments and the reporting thereof for management and budgetary purposes.

3. Act as special advisor to the comptroller and other key personnel of the Bureau on matters pertaining to inter-agency funding operations.

4. Recommend and advise on policy to be established by the Bureau in connection with financial arrangements consummated with other agencies.

5. Design financial schedules such as status reports and reimbursement reports pertaining to financial transactions with agencies outside the Bureau for use by the Bureau and other agencies.

6. Develop accounting instructions for Bureau and field use in connection with the implementation of inter-agency ordering procedures.

7. Maintain appropriate accounts to provide adequate management control of other agencies' funds.

8. Devise and develop methods to effect reimbursement or payment of funds through the sale of material or services by the Bureau.

9. Coordinate financial practice within the Bureau in connection with inter-agency orders and funding.

10. Maintain liaison on inter-agency financial operations with Office of Navy Comptroller, Office of Army Comptroller, Office of Air Force Comptroller and offices of comptrollers of other agencies.





### CHAPTER III

#### THE COMPTROLLERSHIP ORGANIZATION AND FUNCTIONS IN THE BUREAU OF AERONAUTICS

Prior to the disestablishment of the Bureau of Aeronautics, the Comptroller of the Bureau of Aeronautics was headed by a Navy captain (1300) who reported directly to the Chief of the Bureau. The organization and functions of the Comptroller Division as they existed at that time are as follows.<sup>1</sup>

##### General Statement of Functions

Within the Bureau of Aeronautics the Comptroller Division was organized on a vertical basis to perform the following functions:

1. The Comptroller Division, a staff division under the Deputy and Assistant Chief, was responsible for developing, coordinating, and maintaining an integrated system of staff service in the financial management area that will provide management authorities with factual data for effective management control; for translating program requirements into the required financial plan and for preparing the Bureau of Aeronautics budget; for comparing program performance with the budget plan, analyzing variances therefrom and determining where financial

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<sup>1</sup> Bureau of Aeronautics, Organization and Procedure Manual, page CR-3.



reprogramming may be required; for coordinating a program progress and statistical reporting system; and for accounting for all appropriations and funds under the control of the Bureau of Aeronautics.

#### Functions of Assistants

The Deputy Comptroller of the Bureau of Aeronautics was designated to perform the following assigned functions:

1. Responsible to the Comptroller and assist him in administering and coordinating the work of the Division.
2. Responsible for, and the authority to act for the Comptroller in all matters normally the responsibility of the Comptroller in the absence of the Comptroller.

#### The Planning Assistant

Responsible to the Comptroller and Deputy Comptroller for coordinating the development and implementation of long range financial management plans, for assisting station commands in establishing local comptrollership programs, and for making special studies of financial management problem areas.

#### The Administrative Assistant

Responsible to the Comptroller and Deputy Comptroller for organizing and supervising the administrative functions of the Division.

The Comptroller Division was divided into two large subdivisions, Budget and Accounting, with an Assistant Comptroller as head of each subdivision. The functions of these Assistant Comptrollers and their respective subdivisions and branches were as follows.







### Assistant Comptroller for Budget

Responsible for planning, coordinating, administering and controlling the budgetary functions, policies, and procedures relating to the appropriations and funds assigned to the Bureau of Aeronautics; for analyzing and reporting on the Bureau's program performance in matters of financial significance and for controlling the release of aviation personnel ceilings and funds to the Bureau of Aeronautics and its field establishments.

#### Budget Branch

Responsible for planning, coordinating, administering and controlling the budgetary functions, policies and procedures relating to the appropriations of funds assigned to the Bureau of Aeronautics.

#### Financial Control Branch

Responsible for planning and administering aviation allotment and project order policies and procedures; for reviewing proposed field operating programs, for approving allotments and project orders and for planning, in collaboration with Bureau divisions, and administering civilian and military manpower requirements programs.

#### Progress Reporting Branch

Formulates guides and criteria for the collection and classification of statistical data as required to present an analysis of quantitative and financial performance.



### Assistant Comptroller for Accounting

Responsible for planning, coordinating, administering, and controlling accounting policies, systems, and procedures and for accounting for and maintaining records of all appropriations and funds assigned to the Bureau of Aeronautics.

#### Accounting Branch

Responsible for planning, coordinating, administering and controlling accounting policies, systems, and procedures within the Bureau and for accounting and for maintaining records of all appropriations and funds assigned to the Bureau of Aeronautics.

#### Financial Systems Branch

1. Supervises and coordinates all budgetary and financial management functions at aviation field establishments.
2. Acts as special adviser to operating divisions of the Bureau of Aeronautics and to aviation field establishments on all matters of cost reporting, cost accounting, work measurement, industrial funding, and general accounting methods, systems, and procedures pertaining to or affecting field establishments.
3. Devises, in consultation with operating divisions as necessary, and directs the installation of industrial-type cost accounting, general accounting, and work measurement systems for the administration of aviation funds expended and stores and property used throughout the aeronautical field establishment.
4. Reviews and revises existing field accounting and



# THE HISTORY OF THE UNITED STATES

The history of the United States is a story of the growth of a nation from a collection of small, isolated colonies to a great, unified country. It is a story of the struggles of the people to establish a government that would protect their rights and promote their welfare. It is a story of the triumphs of the American spirit and the sacrifices of the American people.

## THE FOUNDING FATHERS

The Founding Fathers were the men who created the United States. They were men of great vision and courage, who saw the need for a new government and were willing to risk everything to achieve it. They were men who believed in the rights of the people and the importance of a strong, unified nation. They were the men who wrote the Constitution and the Declaration of Independence, and who laid the foundation for the great country we live in today.

## THE REVOLUTIONARY WAR

The Revolutionary War was a war of independence for the United States. It was a war fought by the people of the colonies against the British, who had imposed taxes and restrictions on them without their consent. The war was a struggle for the right of the people to govern themselves, and it was a struggle that was won by the brave men and women of the American Revolution. The war was a turning point in the history of the United States, and it was a war that established the United States as a free and independent nation.

The Revolutionary War was a war of the people, and it was a war that was fought for the rights of the people. It was a war that was fought by men who believed in the rights of the people and the importance of a strong, unified nation. It was a war that was fought by men who were willing to risk everything to achieve their goal. The war was a struggle for the right of the people to govern themselves, and it was a struggle that was won by the brave men and women of the American Revolution.

The Revolutionary War was a war of the people, and it was a war that was fought for the rights of the people.



work measurement systems and reports to meet changing management conditions and to insure compliance with new or revised Bureau, Departmental, and statutory regulations.

5. Formulates, prepares, and issues directives and manuals pertaining to financial management matters at the field level, including budgeting (procedures for which have been approved by the Assistant Comptroller for Budget), general accounting, cost accounting, work measurement, and related statistical reporting.

6. Organizes and conducts management surveys of financial and work measurement procedures at aviation field establishments.



## CHAPTER IV

### MAJOR DIFFERENCES BETWEEN THE COMPTROLLERSHIP FUNCTION IN THE BUREAU OF ORDNANCE AND THE BUREAU OF AERONAUTICS

The Comptrollership organization and functions in the Bureau of Ordnance and the Bureau of Aeronautics, as they existed prior to the consolidation of the two Bureaus, had been developed to meet the requirements of each of the Bureaus. The Comptrollership function in each of the Bureaus was based on the fulfillment of the duties and responsibilities of the Comptroller of the Navy as outlined in the National Security Act of 1947 and as amended by Public Law 216 which was approved 10 August 1947. Under the requirements of the law, it was necessary for all Bureaus and offices of the Navy Department to set up a system of reporting financial information to the Comptroller of the Navy. Basic concepts of organization and for the reporting of financial information were recommended in Navy Department instructions; however the organization and methods of handling the Comptrollership function in the individual Bureaus differed between the Bureaus, largely as to the requirements and nature of each Bureau, as well as to the interpretation of these basic concepts. A difference in handling the Comptrollership function in the Bureau of Ordnance and Bureau of





Aeronautics is apparent in examining the foregoing Chapters II and III.

Inspection of the organization and Comptrollership functions in the Bureau of Ordnance and Bureau of Aeronautics indicates that several major differences existed and that it was necessary for the Organizational Planning Group to resolve these differences in establishing the Comptrollership function for the Bureau of Weapons. These major differences are as follows.

#### Designation of Comptroller

The Bureau of Aeronautics had a military comptroller assigned (Captain) and five Commanders located primarily at Branch Head level.

The Bureau of Ordnance had a civil service employee as Comptroller and the entire Comptroller Division was composed of civil service employees.

#### Installation of Navy Industrial Fund Accounting

The Bureau of Aeronautics had two Industrial Fund installations, NAF Indianapolis, and the O and R Facility at Quonset Point.

The Bureau of Ordnance had eight field activities under the Navy Industrial Fund concept and four additional stations under consideration for conversion.

#### Budgeting for Station Overhead

The Bureau of Aeronautics budgeted for station overhead separately and funded overhead costs by issuing "A" allotments to the stations. Non-industrial accounting was used at the stations.

The Bureau of Ordnance followed the basic maintenance



concept (cost of overhead if there is no productive work) and charged the balance of the overhead to the end product. Navy Industrial Fund and modified industrial accounting were both in use at the station level.

#### Handling of Manpower Ceiling Control and Work Measurement

##### Functions

These functions were handled by the Comptroller Division in the Bureau of Aeronautics.

In the Bureau of Ordnance, these functions were handled either in the Administrative Division or the Naval Ordnance Shore Establishment Divisions.

##### Responsibility for Station Budgets

The Bureau of Aeronautics Comptroller had partial responsibility for Station budgets.

In the Bureau of Ordnance this function was assigned to the operating divisions and was coordinated by the Naval Ordnance Shore Establishment Division.

##### Assignment of Responsibilities of Section 3679 Revised Statute

In the Bureau of Aeronautics the responsibility for over-obligation and/or over-expenditure of funds was vested in and retained by the Chief of the Bureau.

In the Bureau of Ordnance this responsibility was delegated to the Comptroller.

##### Responsibility for Progress Reporting and Graphic Presentation

The Comptroller had functional responsibility for these matters in the Bureau of Aeronautics.

The Comptroller, Bureau of Ordnance was limited in this area of responsibility.







### Stations and Offices Involved in Fund Accountability

The Bureau of Aeronautics had approximately 100 stations and 100 miscellaneous offices.

The Bureau of Ordnance had approximately 35 major and 17 minor field activities in this category.

### Basic Comptroller Objectives

In considering the Specific Organizational Objectives for the Bureau of Weapons, the Organizational Planning Group formulated the following basic functional objectives for the Comptroller:<sup>1</sup>

1. Develop financial policies and systems.
2. Supervise budgetary planning and management.
3. Serve as advisor to management to promote efficiency and economy in the management of resources.
4. Fulfill legal accountability for such matters as submission of required financial reports to outside agencies and submission of certification of validity of obligations, etc.
5. Render financial management reports for top management and other bureau use.

### Placement of the Comptroller Function

Under the Specific Organizational Objective "To reduce to a minimum the elements of management reporting to the Chief of the Bureau to free him for his essential responsibilities in overall planning, organization, policy, financial direction and representation of the Bureau before external authorities," various alternative locations for the Comptroller in the Bureau

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<sup>1</sup>Bureau of Naval Weapons Organizational Planning Group Memorandum, August 17, 1959.





of Weapons organization were considered. After studying the overall concept of proposed organization, it became apparent that there were three possible places to locate the Comptroller:

1. Staff Assistant reporting directly to the Chief
2. Staff Assistant under the Assistant Chief  
for Administration
3. Staff Assistant to the Assistant Chief for  
Program Management.

The merits of each of these locations were considered to be as follows:<sup>2</sup>

1. Location in a Staff position reporting directly to the Chief would enable ready access by the latter to all financial data, which the Comptroller should have at hand without the necessity of dealing with an intervening functional title in the chain of command. Under the general guidance from the Chief, the Comptroller would develop an overall financial plan, working closely with the Staff of the Assistant Chief for Program Management. The Comptroller would accomplish financial reporting, which represents part of the total data needed by the Staff to evaluate progress against the plan. The Comptroller would coordinate the budget, maintain official accounting records, ensure that legal requirements for financial data are fulfilled, and furnish interpretative and analytical data of a financial nature to the Chief, Assistant Chief for Program Management, and other Assistant Chiefs. Location as a Staff Assistant reporting directly to the Chief would provide the most effective way of

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<sup>2</sup>Bureau of Naval Weapons Organizational Planning  
Group Memorandum, August 17, 1959.





instituting a system of checks and balances on which the general departmental concept is founded. Additionally, it would keep routine Comptroller functions, such as maintenance of official accounting records, out of the areas of the Assistant Chief for Program Management and the Assistant Chief for Administration. Also, it would endorse the utilization of the usual commercial business concept which, as a general rule, positions the Comptroller as a Staff Assistant reporting directly to top management.

2. Placing the Comptroller under the Assistant Chief for Administration would be advantageous from the standpoint of reducing, by one, the number of persons reporting directly to the Chief. There would also be some advantage in placing the Comptroller function under a Rear Admiral serving as Assistant Chief for Administration. It would be more likely that forceful actions and better results would be obtained. This advantage naturally becomes involved with the rank or grade, and personality of the person selected as Comptroller.

3. Location of the Comptroller as Staff Assistant to the Assistant Chief for Program Management has the advantage of enabling a closer working relationship between the Plans Staff and the Comptroller Staff, with full and close coordination by the Assistant Chief for Program Management. It is also likely that placement of the Comptroller under the Assistant Chief for Program Management, whose staff would undeniably be the hard core of the new Bureau, would reduce the possibility of budgeting and accounting units being formed in the operations areas of other Assistant Chiefs.



The above reasons were considered to be more theoretical than real. As a practical matter, there was a belief by some that placing the Comptroller under the Assistant Chief for Program Management might not prove to be particularly effective. The plans for the new organization indicated that the Assistant Chief for Program Management would be extremely powerful as a member of the organization and if the Comptroller were to be placed on his staff he would be even more powerful. The general opinion seemed to be to guard against concentrating too much power in any one area or individual.

The Organizational Planning Group decided that the Comptroller division should function as an independent staff and that the Comptroller would report directly to the Chief of the Bureau for the reasons stated above and the following additional reasons:

1. Substantial funds in the administrative area (approximately \$40 million) could not be handled as effectively if the Comptroller were to be placed under the Assistant Chief for Program Management.

2. SECNAV Instruction 5400.4 of 18 November 1953 states that the Comptroller should report to the Bureau Chief.

3. Fulfillment of legal requirements and liaison with the Navy Comptroller can be performed better.

#### Resolution of Comptroller Responsibilities

In examining the functions of the Comptroller, Bureau of Aeronautics and the Comptroller, Bureau of Ordnance it becomes apparent that each differed with the other in certain functional



The 1955-1956 season was particularly dry in some parts of the country. In a number of places, there was a serious lack of rain during the summer months. The Government has been working to help the people in these areas. It has been providing them with food and other necessities. It has also been working to help them to get their crops in better shape. The Government has been very successful in this work. It has been able to help the people in many ways. It has been able to provide them with food and other necessities. It has also been able to help them to get their crops in better shape. The Government has been very successful in this work. It has been able to help the people in many ways. It has been able to provide them with food and other necessities. It has also been able to help them to get their crops in better shape.

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responsibilities. The major differences as to function as contained in the foregoing and the decisions rendered by the Organization Planning Group were as follows.

#### Manpower Administration as a Comptroller Function

In the Bureau of Aeronautics, the Comptroller Division released manpower ceilings to field stations. In the Bureau of Ordnance the Naval Ordnance Shore Establishments Divisions was responsible for field manpower ceilings. The Operational Planning Group recommended that manpower administration be included as a function of the Comptroller in the Bureau of Weapons.

#### Work Measurement as a Comptroller Function

Work measurement was handled by the Comptroller, Bureau of Aeronautics, whereas this function was a responsibility of the Naval Ordnance Shore Establishments Division in the Bureau of Ordnance. The function in the Bureau of Aeronautics consisted of keeping the work measurement system up-to-date, obtaining performance data for both Bureau and field activities, making data available to users and reviewing the data in conjunction with field requests for ceiling increases or decreases. The Organizational Planning Group recommended that Work Measurement be included as a function of the Comptroller in the Bureau of Weapons.

#### Responsibility for Station Budgeting

As previously stated the Bureau of Aeronautics Comptroller had partial responsibility for this function. In the Bureau of Ordnance, this function was assigned to the operating divisions and was coordinated by the Naval Ordnance Shore Establishment Division. The Operational Planning Group recommended that the



responsibility for station budgeting be assigned to the Shore Establishments Division but that the Comptroller, Bureau of Weapons would be responsible for "Planning, coordinating and administering and controlling policies, systems and procedures for station budgets."

#### Graphics Presentation

Under the concept that the Assistant Chief for Programs Management would be the principal user of Graphics Presentation, the Organizational Planning Group recommended that the function be assigned to the Assistant Chief for Program Management.

The Organizational Planning Group decided that the following Comptroller matters could be resolved internally after the Comptroller Division, Bureau of Aeronautics was activated:

1. Extent and rate of Navy Industrial Fund installations
2. System of budgeting for station overhead
3. Financial management reporting within the Bureau
4. Assignment of responsibility in connection with

Section 3679 Revised Statutes.

5. Desirability of combined accounting functions for certain stations.







## CHAPTER V

### ORGANIZATION AND FUNCTIONS OF THE COMPTROLLER, BUREAU OF NAVAL WEAPONS

The Organizational Planning Group, after considering the differences that existed between Comptrollership organization and functions in the Bureaus of Ordnance and Aeronautics, recommended a plan for the establishment of the Comptroller component in the Bureau of Weapons. The plan was transmitted to the Chief, Bureau of Ordnance and the Chief, Bureau of Aeronautics and both of these officials approved the plan with the incorporation of minor changes. The plan recommended that a Navy captain (1300) be assigned as Comptroller and the former civil service Comptroller of the Bureau of Ordnance be assigned as Deputy Comptroller. The recommended plan for organization and functions of the Comptroller, Bureau of Weapons, is as follows.<sup>1</sup>

#### General Statement of Functions

The Comptroller is responsible to the Chief of the Bureau of Naval Weapons for an integrated financial management system that provides management with data for effective management control of resources, planned, available, and utilized for

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<sup>1</sup> Joint Memorandum (Chief, Bureau of Ordnance and Chief, Bureau of Aeronautics), Organizational Planning for the Bureau of Naval Weapons, Comptroller Area, August 28, 1959.



carrying out the Bureau programs; for translating program requirements into financial plans; for preparing the Bureau's budget; for managing allocation of funds and personnel ceilings to support approved programs; in consonance with the Assistant Chief for Program Management comparing program performance with financial plans, analyzing variances therefrom and determining where financial reprogramming is required; for account classification of programs and program elements to provide a meaningful arrangement of segregating and compiling financial data; for insuring compliance with statutory requirements and administrative regulations for appropriations and funds; and for accounting for all appropriations and funds under the control of the Bureau of Weapons. Performance of his duties requires close working relationships with the Assistant Chiefs of the Bureau. Specifically, the Comptroller is responsible for:

1. Providing an integrated financial management system of budgeting, accounting, reporting, and review and analysis which will bring to management data for planning, evaluating and controlling.
2. Translating program requirements into an effective financial plan.
3. Planning, coordinating, administering and controlling budgetary policies, procedures and functions, relating to all Bureau appropriations and funds.
4. Coordinating and administering the development of budgetary data and preparing, justifying, and executing the Bureau budget.







5. Developing manpower ceiling policies and coordinating the integration of manpower resources (civilian and military) with financial plans and program requirements.

6. Managing allocation of funds and personnel ceilings (military and civilian) within the Bureau of Naval Weapons and to its field activities.

7. Insuring compliance with statutory requirements and administrative regulations for appropriations and funds allocated to the Bureau.

8. Providing financial data to the Analysis and Review Division for review and analysis of the Bureau's operating programs.

9. Reviewing, in conjunction with the Assistant Chief for Program Management, operating program performance and financial plans and recommending corrective action where an imbalance exists.

10. Coordinating operating performance and financial plans with operating Assistant Chiefs of the Bureau.

11. Planning, coordinating, administering and controlling policies systems and procedures for accounting for, and maintaining the official control records for, all appropriations and funds assigned to the Bureau.

12. Providing financial progress and financial statistical reporting for Bureau management and external use.

13. Reviewing, analyzing, coordinating, and recommending action on audits and other special findings involving financial management in the Bureau and its field activities.





14. Recommending courses of action to promote efficiency and economy in the management of the Bureau's resources.

15. Developing and coordinating financial data processing techniques and application to a single integrated accounting system and associated reporting systems throughout the Bureau and its field establishments.

16. Planning, coordinating and administering policies, procedures and functions of comptrollership in the field activities of the Bureau.

17. Planning, coordinating and administering and controlling policies, systems and procedures for station budgets and work measurement programs.

18. Reviewing, analyzing, coordinating and recommending action on station budgets and work measurement programs.

19. Official liaison with the Navy Comptroller's Office, Defense Comptroller's Office, the Bureau of the Budget, the Appropriations Committees of the Congress, and the General Accounting Office, Liaison with CNO, other Bureaus and agencies for budgetary and accounting matters.

#### Functions of Deputy Comptroller and Special Assistants

The Deputy Comptroller is responsible to the Comptroller for executive direction of the day-to-day affairs of the Office of the Comptroller, and for assuming full stewardship of office when the Comptroller is away from the Bureau.

The Assistant Comptroller, Financial Management, is responsible for serving as staff to the Comptroller in the development of studies and recommendations on matters which





involve development of an overall program for the Comptroller organization. He performs special studies and serves on committees on matters related to the Comptroller program. Other Special Assistants perform special assignments as directed by the Comptroller.

### Functions of Assistant Comptrollers

The next level in Comptroller organization below the Deputy Comptroller is divided into three Assistant Comptrollers and each of these areas is further divided into Divisions, Branches, and Sections. The three Assistant Comptrollers are Assistant Comptroller, Financial Operations and Systems, Assistant Comptroller, Financial Review and Analysis, and Assistant Comptroller for Budget. The functions of these Assistant Comptrollers and the Divisions and Branches wherein their responsibilities are further subdivided are as follows.

#### Assistant Comptroller--Financial Operations and Systems

The Assistant Comptroller, Financial Operations and Systems, is responsible to the Comptroller for developing and coordinating the principles, policies, and practices which will produce comprehensive financial management systems to meet the requirements of the Bureau, higher authority and statutes; administering and controlling financial accounting and status reporting for funds under the jurisdiction or custodial responsibility of the Bureau. Specifically, the Assistant Comptroller, Financial Operations and Systems, is responsible for:

1. Planning, developing, coordinating and implementing financial management systems of the Bureau and its field





involve development of an overall program for the Comptroller organization. He performs special studies and serves on committees on matters related to the Comptroller program. Other Special Assistants perform special assignments as directed by the Comptroller.

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1. Planning, developing, coordinating and implementing financial management systems of the Bureau and its field





establishment.

2. Administering and controlling systems and procedures for accounting for, and maintaining the official records for, all appropriations and funds assigned to the Bureau.

3. Issuing all authorizations to expend funds under the jurisdiction or custodial responsibility of the Bureau.

4. Developing and coordinating processing techniques and applications to a single integrated accounting system and associated reporting system throughout the Bureau and its field establishment.

5. Promulgating industrial fund instructions and coordinating and participating in hearings relative to the annual budget submissions.

6. Determining feasibilities of NIF installations and participating in all NIF panels in systems development and implementation thereof in field activities.

7. Developing uniform terminologies, classifications, and procedures for fiscal, cost, and property accounting within the Bureau and its field establishments.

8. Providing status reporting on all funds under the jurisdiction or custodial responsibility of the Bureau to meet internal and external management requirements.

9. Planning, developing and coordinating work performance reporting systems having financial significance.

The functions of the Assistant Comptroller, Financial Operations and Systems are divided into the following Divisions and Branches:

1. The first step in the development of a system is the selection of the system to be developed. This is done by the user, who must have a clear idea of the system he wants and the results he expects. The system must be feasible, i.e., it must be possible to develop it within the available resources and time.

2. The second step is the analysis of the system. This involves a detailed study of the system to determine its requirements and the resources needed to develop it. The analysis should take into account the current state of the system, the user's needs, and the available resources.

3. The third step is the design of the system. This involves the development of a detailed plan for the system, including the architecture, the data structures, and the algorithms. The design should be based on the requirements and the resources identified in the analysis.

4. The fourth step is the development of the system. This involves the actual coding and testing of the system. The development should be done in a systematic and organized manner, with regular communication between the user and the developer.

5. The fifth step is the evaluation of the system. This involves a comparison of the system with the requirements and the resources identified in the analysis. The evaluation should determine whether the system meets the user's needs and whether it can be developed within the available resources and time.

6. The sixth step is the implementation of the system. This involves the installation and testing of the system in the user's environment. The implementation should be done in a careful and controlled manner, with a plan for the installation and testing.

7. The seventh step is the maintenance of the system. This involves the ongoing support and improvement of the system. The maintenance should be done in a systematic and organized manner, with regular communication between the user and the developer.

8. The eighth step is the termination of the system. This involves the removal of the system from the user's environment. The termination should be done in a careful and controlled manner, with a plan for the removal of the system.

9. The ninth step is the documentation of the system. This involves the creation of a detailed record of the system, including the requirements, the design, the development, the evaluation, the implementation, and the maintenance. The documentation should be done in a systematic and organized manner, with regular communication between the user and the developer.



1. The Financial Operations Division, with a Special Assistant assigned for Systems, is subdivided into the following Branches: Financial Control Branch; Inter Agency Financing Branch; Accounting Branch; Accounting Control Branch.

2. Financial Systems Division, with a Special Assistant for Automated Data Processing is subdivided into the following Branches: General Systems Branch; Industrial Cost Systems Branch; Navy Industrial Fund Systems Branch; Work Measurement Systems Branch.

Assistant Comptroller--Financial Review and Analysis

The Assistant Comptroller, Financial Review and Analysis, is responsible to the Comptroller for developing, coordinating and administering the principles, policies, practices and techniques which will produce a comprehensive financial review and analysis program to meet the Bureau of Naval Weapons program requirements, detecting variances from, or adjustments needed to financial plans, policies, procedures and systems and providing management with recommended action; planning, developing, preparing and publishing financial progress reports for the use of top Bureau management in determining progress against planned objectives; maintaining the Bureau's financial plans; preparing the Bureau's position with respect to audits; servicing financial systems; and monitoring the comptrollership program of the field activities. Specifically, the Assistant Comptroller, Financial Review and Analysis, is responsible for:

1. Providing financial progress and statistical reporting for Bureau management.

2. The historical context of the text is also important. The text is written in a style that is characteristic of the late 19th century. The language is formal and the structure is complex. The text is written in a style that is characteristic of the late 19th century. The language is formal and the structure is complex.

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2. Maintaining the Bureau's financial plans.
3. Reviewing, analyzing and recommending to management measures to improve the effectiveness of financial controls.
4. Recommending action to promote efficiency and economy in the management of the Bureau's resources.
5. Monitoring the functions of comptrollership in the field activities.
6. Providing financial data to the Analysis and Review Division for review and analysis of the Bureau's operating programs.
7. Reviewing, in conjunction with the Assistant Chief for Program Management, program performance and financial plans to insure mutual consistency.

The functions of the Assistant Comptroller, Financial Review and Analysis are divided into the following Divisions and Branches:

The Financial Systems Analysis Division.--Comptrollership Evaluation Branch; Financial Systems Evaluation Branch.

The Financial Program Analysis Division.--Financial Reporting and Analysis Branch; Graphics Branch.

Assistant Comptroller for Budget

The Assistant Comptroller for Budget is responsible to the Comptroller for developing and coordinating principles, policies, practices and techniques which will produce comprehensive budget systems to meet the requirements of the Bureau, higher authority and statutes. He serves as a supporting witness to the Chief of the Bureau in the justification of bureau budgets. He supervises budget planning, preparation and





execution, including monitoring of expenditures. His office is the focal point in the Bureau for budget and related matters. He develops policy with respect to civilian and military ceilings and station budgeting. Specifically, the Assistant Comptroller for Budget is responsible for:

1. Providing an integrated budget system through utilizing automatic data processing and other methods which will provide optimum data for budget preparation and justification.
2. Planning, coordinating, administering and controlling budgetary policies, procedures and functions relating to all Bureau appropriations and funds.
3. Translating program requirements and funding into an effective financial plan.
4. Coordinating the development of budgetary data and preparing and participating in justification of the budget.
5. Reviewing, analyzing and recommending action on all budget estimates, apportionment requests, and reprogramming proposals.
6. Coordinating the development of apportionment data and preparing and justifying requests for apportionments and allocation of funds.
7. The release of assigned funds to support approved operating programs where authorized by Assistant Chief for Program Management.
8. Monitoring the execution of the budget, conducting appropriate reviews of budget execution and preparing reports on status of program accomplishment.
9. Managing military and civilian personnel ceilings,





and station budgeting.

10. Exercising general supervision and control over the apportionment, allocation and utilization of funds in order to assure compliance with applicable statutory and administrative requirements and the most effective management of the Bureau's financial resources.

11. Reviewing and analyzing proposed field operating programs in conjunction with financial and manpower planning.

The functions of the Assistant Comptroller for Budget are divided into the following Divisions and Branches:

Budget Policy and Planning Division.--Budget Policy and Procedures Branch; Budget Planning Branch.

Budget Operations Division (Special Assistance Staff reporting to Division Head).--Research, Development, Test and Evaluation Branch; Production and Procurement Branch; Operations and Maintenance Branch; Military Construction and Facilities Branch.

Manpower Control and Station Budgeting Division.--Two staffs, Manpower Coordination Staff and Station Budget Coordination Staff, reporting to Division Head. Field Support Branch; Fleet Readiness Branch; Research Development Test and Evaluation Branch.



## CHAPTER VI

### THE REORGANIZATION OF THE FINANCIAL PLANNING FUNCTION WITHIN THE BUREAU OF NAVAL WEAPONS

#### Interrelationship of Financial Planning Functions between the Assistant Chief for Program Manage- ment and the Comptroller

#### Basic Functions of Program Management

Under the Chief and Deputy Chief, Bureau of Weapons, the horizontal structure of the Bureau is divided into three primary elements: the Staff Organization, the Program Management Organization and the Operating Organization. The Program Management Organization as developed by the Organizational Planning Group encompasses planning for the accomplishment of aircraft and weapon systems requirements and the evaluation of performance in meeting requirements. The ultimate responsibility for effective program management rests with the Chief of the Bureau, however because of necessary concentration with matters, substantial authority has been delegated to the Assistant Chief for Program Management to deal with specific internal management of the Bureau's programs. The Program Management Organization combines a staff function of planning and review with a closely interrelated function of executive direction of the Bureau's programs. The Organizational Planning Group recommended that



## CHAPTER IV

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in terms of basic functions, the Program Management Group should provide:<sup>1</sup>

1. For the Bureau planning function including dissemination to operating groups of pertinent planning factors and requirements.
2. A mechanism for coordinating and integrating into Bureau programs the Development, Production and Support plans prepared by the operating Assistant Chiefs of the Bureau.
3. A further mechanism for issuing program directives directing implementation of programs and the authority to adjust timing and effort of programs to best meet requirements.
4. A comprehensive inventory of the Bureau's current and projected effort stated in terms of a manageable number of operating programs.
5. A continuing analysis and review of programs both in terms of quantitative progress, timing and financial status.
6. Coordinating responsibility for certain funding actions, including authorization to release programmed funds when programs are implemented. Bureau operating procedures should delineate those programs which are approved and for which funds are authorized in the routine apportionment process and those programs for which specific planning directives, including fund authorization, will be issued.

Included also is the review and approval of budget estimates, apportionment and reprogramming actions for consonance with program requirements. The approval of the Comptroller as to

<sup>1</sup> Bureau of Naval Weapons Organizational Planning Instruction Number 7, Basic Concepts of the Organization of the Bureau of Naval Weapons, August 31, 1959, p. 8.





legality and fiscal desirability is required to complete a financial action. Lack of concurrence by either party to such action or financial actions in excess of certain limitations require decisions by the Chief of the Bureau in discharge of his personal responsibility for financial direction of the Bureau.

7. A mechanism to impart impetus and vertical direction to programs to the degree necessary. This organization should be of such character as to be readily adjusted to meet changing requirements for progress without rebuilding the structure of the Bureau. This mechanism must have sufficient prestige and authority to be effective. The alternative is a waste of manpower and effort in additional vertical structures hung on the Bureau as each new high priority requirement develops.

8. An operating position of sufficient authority and prestige to relieve the Chief of the day-to-day problems of program interrelationships between the operating Assistant Chiefs of Bureau and to discharge for the Chief, Bureau-wide responsibilities in such fields as Safety and Quality Control.

The above functions are divided into areas of: Planning, Analysis and Review; Program Direction; Delegation of Bureau-wide Operating Responsibilities; Development of Progress Reporting and Other Management Systems; Policy Direction in the Electronic Data Processing Fields.

#### Interrelationship of Financial Planning Function

Examination of the above basic functions of the Program Management Organization as recommended by the Organizational Planning Group and those for the Comptroller indicates an





overlapping or, in effect, dual responsibilities with respect to the Bureau of Weapons budget.

The Comptroller under the General Statement of Functions as stated in Chapter V is charged with the responsibility

for an integrated financial management system that provides management with data for effective management control of resources, planned, available and utilized for carrying out the Bureau's programs; for translating program requirements into financial plans; for preparing the Bureau's budget and for managing allocation of funds and personnel . . . to support approved programs.

The Assistant Chief for Program Management, under the basic functions, provides for "a continuing review of programs both in terms of quantitative progress, timing and financial status." Under the coordinating responsibility for funding actions, the Program Management Organization maintains the responsibility for "authorization to release programmed funds when programs are implemented," and "review and approval of budget estimates, apportionment and reprogramming actions for consonance with program requirements." The approval of the Comptroller as to legality and fiscal desirability is required to complete a financial action.

#### Reorganization of Management Policy in the Bureau of Weapons

Shortly after activation, a reorganization of Bureau management policy was generated. In recognition of the need for reorganizing the management policy, BUWEPS Instruction 5200.2 "Management Policy for the Bureau of Weapons," dated 30 December 1959, was promulgated. Among other matters wherein policy was delineated, Enclosure I of the Instruction, entitled "General





Statement of Functions" announced policies for the Office of the Comptroller and the Assistant Chief for Program and Management Plans as follows.<sup>2</sup>

Office of the Comptroller

The Comptroller is responsible to the Chief of the Bureau of Naval Weapons for an integrated financial management system that provides management with data for effective management control of resources, planned, available, utilized, for carrying out the Bureau programs; for preparing the Bureau's budget and participating in the justification of Bureau budgets at all levels of review; for managing allocation of funds and personnel ceilings to support approved programs; for account classification of programs and program elements to provide a meaningful arrangement of segregating and compiling financial data; for insuring compliance with statutory requirements and administrative regulations for appropriations and funds; and for accounting for all appropriations and funds under the control of the Bureau of Weapons.

Assistant Chief for Program and Management Plans

The Assistant Chief for Program and Management Plans is responsible to the Assistant Chief for Program Management for interpreting and evaluating requirements from higher authority and integrating these requirements into Bureau plans; directing the development of Bureau plans and management systems; integrating Bureau program requirements; reporting and making performance appraisal of Bureau progress; translating programs

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<sup>2</sup>Bureau of Naval Weapons, BUWEPS 5200.2, Management Policy for the Bureau of Naval Weapons, December 30, 1959, Enclosure I.

Department of Agriculture, Bureau of Entomology and Plant Quarantine, Washington, D. C.

Report of the Committee on the Control of the Mosquitoes

The Committee on the Control of the Mosquitoes, organized in 1917, has the honor to submit herewith its report to the Department of Agriculture, Bureau of Entomology and Plant Quarantine, Washington, D. C.

The Committee was organized by the Department of Agriculture, Bureau of Entomology and Plant Quarantine, Washington, D. C., in 1917, for the purpose of studying the problem of the control of the mosquitoes which are the principal source of the malaria and yellow fever in the United States.

The Committee has since that time held numerous public hearings and has received many suggestions from the public and from the various State and Federal health departments. It has also conducted extensive researches into the life history and habits of the mosquitoes, and has made many valuable contributions to the knowledge of the subject.

The Committee has found that the most effective method of controlling the mosquitoes is by the use of insecticides, and has recommended that the Department of Agriculture should take steps to encourage the use of insecticides by the public and by the various State and Federal health departments.

The Committee has also found that the most effective method of controlling the mosquitoes is by the use of larvicides, and has recommended that the Department of Agriculture should take steps to encourage the use of larvicides by the public and by the various State and Federal health departments.

The Committee has also found that the most effective method of controlling the mosquitoes is by the use of screens and other physical barriers, and has recommended that the Department of Agriculture should take steps to encourage the use of screens and other physical barriers by the public and by the various State and Federal health departments.

Recommendations of the Committee on the Control of the Mosquitoes

The Committee recommends that the Department of Agriculture should take the following steps to control the mosquitoes:

1. Encourage the use of insecticides by the public and by the various State and Federal health departments.
2. Encourage the use of larvicides by the public and by the various State and Federal health departments.
3. Encourage the use of screens and other physical barriers by the public and by the various State and Federal health departments.



into budgets and justifying programs and budgets to external authority; and providing general Bureau policy and objectives for program management. The Assistant Chief for Program and Management Plans will act for the Assistant Chief for Program Management in his absence.

#### Implementation of Reorganization

The management policy as stated above resulted in a shift of functional components within the Bureau with respect to the Bureau's budget. Whereas the Assistant Chief for Program and Management was made responsible for "translating programs into budgets and justifying programs and budgets to external authority," the Comptroller's responsibility was reduced to "preparing the Bureau's budget and participating in the justification of Bureau budgets at all levels of review." As a result of the shift of responsibility for the Bureau's budget, approximately 30 budget administration personnel were transferred from the Office of the Comptroller to the Office of the Assistant Chief for Program and Management Plans in implementing the new management policy.

This move of qualified budget personnel from the Comptroller area, without replacement in kind, relegated the Comptroller's function with respect to the Bureau budget to essentially the following functions:

1. Issuing broad Bureau budget policy.
2. Issuing budget call.
3. Limited participation in review and analysis.
4. Editing, typing and transmission of the Bureau's budget.



5. Limited participation in the budget review process.
6. Limited participation in the development of reclamation.
7. Responsibility for green sheets.
8. Responsibility for expenditure estimates.
9. Responsibility for Bureau chart of accounts.

In the area of Station budgets, the Comptroller maintained responsibility for:

1. Coordination.
2. Policy formulation.
3. Issuing budget calls.
4. Receipt of initial station submission.
5. Participating with operating Assistant Chiefs of Bureau in mark-up.
6. Release of marked-up budgets to Stations.
7. Receipt and summation of Quarterly Summary Analysis.





## CHAPTER VII

### CONCLUSIONS

The conclusions drawn by the writer as a result of studying the development and the existing Comptrollership function in the Bureau of Weapons are as follows:

1. The basic functions of the Comptroller as outlined in Chapter V, and the organization and delegation of authority in this area, as developed and recommended by the Organizational Planning Group, encompass the general basic Comptrollership functions adhered to by the military departments and business organizations. The design of the overall Comptrollership concept follows the basic principles of the Navy Comptroller organization, the parent Bureaus, and the other bureaus and offices of the Navy Department.

These basic concepts and organizational policy are contained in the Navy Controllers Manual, Chapter 2, entitled "Establishment of Comptroller Organizations in Bureaus, Headquarters, Offices, and Field Activities of the Navy and Marine Corps. By adopting these basic concepts and the recommended organizational policy, lower echelons in the chain of command with due regard to size, mission, number of personnel, etc., may follow the pattern and duplicate the Comptroller organization of the next higher echelon of command. This is particularly advantageous in the Comptrollership function since in many cases





it facilitates direct communications, direct mutual interest and provides a channel for functional or technical instructions and reports.

2. The functional responsibilities of the Comptroller, Bureau of Weapons, as developed and recommended by the Organizational Planning Group, conforms with the Comptroller functions of the military departments as contained in Public Law 216 wherein it is prescribed that

the comptrollers of the military departments shall be responsible for all budgeting, accounting, progress and statistical reporting, and internal audit in their respective departments and for the administrative structure and managerial procedures relating thereto.

In addition, the designed functional responsibilities follow the implementation of Public Law 216 and the expansion of these policies as promulgated by the Secretary of Defense. In his memorandum setting forth "Comptroller Functions and Organization," the Secretary of Defense added the supervisory responsibility with respect to disbursing and receiving cash; the implementation of working capital funds; and statistical and progress reporting including the analysis and interpretation of reports. He specifically referred to various types of accounting, appropriation, property, and cost accounting--as well as all phases of budget administration.<sup>1</sup>

3. The sound Comptrollership philosophy that was developed for the Comptroller, Bureau of Naval Weapons by the Organizational Planning Group was greatly modified by the promulgation of BUWEPs Instruction 5200.2. The removal of the

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<sup>1</sup>Secretary of Defense Memorandum to the Secretaries of the Army, Navy, and Air Force, Comptroller Functions and Organization, September 27, 1950.



responsibility for the budget and the personnel to perform the budget function from the Comptroller office is considered to be a radical departure from existing practice, both within the military departments and business organizations. The close relationship between budgeting and program management is recognized; however the Comptrollership function within military and business organizations is structured around the budget function. Inherent in the Comptrollership area of responsibility is the functional interrelatedness which is exemplified by:<sup>2</sup>

a) The impact of accounting classifications, policies and procedures upon budget administration, and vice-versa.

b) The relation of financial and program reports and analysis with budget execution.

c) The impact of working capital funds upon organization, budget, and accounting methods.

d) The relation of work measurement to costing and to program and budget execution.

The relationship of the accounting and budgeting function as interpreted by one authority is as follows:<sup>3</sup>

From the standpoint of sound business organization it would seem almost self-evident that the chief accounting officer is the logical person to assume responsibility for providing management with the information it needs to plan and control operations. It is his duty to construct and maintain the basic records of the business, in which the results of all operations are recorded and summarized; and

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<sup>2</sup>Frederick C. Mosher, Program Budgeting, Theory and Practice (Washington: Public Administration Service, 1954), p. 224.

<sup>3</sup>T. F. Bradshaw and C. C. Hull (eds.) Comptrollership in Modern Management (Chicago: Richard D. Irwin, Inc., 1950), p. 48.





because he has no line-operating responsibility, he is in a position to report and interpret objectively the data available in these records.

4. The placing of the budget function, the translating of programs into budgets, the justification of budgets to external authority, and the apportionment of funds, under the Assistant Chief for Programs Management, gives greater power in rank status to these functions, since the Assistant Chief for Programs Management is headed by a Rear Admiral and the Comptroller office is headed by a Captain. However, it does not follow the basic concept of the "horizontal organization" originally proposed for the Bureau. Also, it does not follow the basic organizational philosophy of separating staff and line functions. Placing the budgeting or financial planning, the justification of the budget, and the expenditure or appropriation of funds under one element, the Program Management Organization results in a vertical and autonomous organization and in the opinions of some, could eventually result in biased and subjective interpretation and reporting of results.

5. The removal of the budget function which is the nucleus of the Comptroller function from the office of the Comptroller has relegated the primary duties and responsibilities of the Comptroller to that of accounting and record keeping. In order not to portray misinterpretation, it would seem logical that the title of this office should be changed to coincide with the remaining functions and responsibilities performed.

6. An alternative to the existing organization was considered and rejected by the Organizational Planning Group,





that is, to place the Comptroller as a Staff Assistant to the Deputy Chief for Program Management. Due to the interrelationship of the Comptroller functions with respect to budgeting, it would seem more reasonable to adopt this plan than to remove the budget function from the Office of the Comptroller. With full authority over the budget function, there would be a relatively small additional transfer or concentration of responsibilities if the remaining Comptroller functions were incorporated in the Program Management Organization.

7. Further emphasis regarding the importance of keeping the Comptrollership function intact may be found in the following synthesis of the controller concept, as it is reflected in the writings of controllers and students of controllership.<sup>4</sup>

a) Decisions on business policy and management can be wise only if they are based upon a knowledge and understanding of the relevant facts and figures (terms which are virtually synonymized), intelligently and objectively interpreted. This it may be noted, is perhaps the fundamental principle of the philosophy and movement commonly known as scientific management.

b) The basic and ultimately the only criterion of business success and failure is profit or loss, which, in the last analysis, can be measured only in monetary terms. Financial data must therefore be the core of information essential to business management.

c) Such data, however, are meaningful only to the extent that they are related to measures of operations and work.

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<sup>4</sup>Frederick C. Mosher, op. cit., p. 9.



Therefore, the financial reports and the accounts must be tied in with program and work reports, i.e. statistics.

d) The controller is the logical, if not the only, officer equipped to bring together all these types of information and to interpret the information for top policy and management officers. This is in part because of his and his staff's background and technical ability; in part because of his already established command of the "core" information on the accounts and finances; in part because, having no line responsibility, he can be completely unbiased and objective; and, finally, because he is in a position to provide information with regard to the whole organization, his scope is total.

e) In order to carry out this role effectively, it is essential that the controller operate as staff to, or preferably as part of, top management with direct and frequent access to the principal manager, as well as to the policy-making board. His unique mastery of factual information equips him, at this level, not alone to provide the information but also to interpret it, and, according to some, to advise on policy and action based upon it.

f) The controller should provide appropriate information, services, and advice to other departments of the organization. But he must also act as coordinator of their operations insofar as they perform functions for which the controller is responsible; that is, finances, accounting, reporting, and others. This responsibility necessitates that the controller operate at a level above the regular operating departments.

g) Forward looking plans and budgets rest upon intelligent





forecasts which in turn depend upon an understanding of past experience, the present situation, and trends. With regard to budgets in particular, such information is very largely financial, accounting, and statistical in nature. It is therefore appropriate or essential that the controller have primary responsibility for supervising the development of the budget, for coordinating its content, for presenting it, and for coordinating its execution.

8. The separation of the budget responsibility from the Comptrollership function in the Bureau of Weapons is unique in both military and business organizations. Whether it evolved from a new organizational philosophy or in deference to personality complexities, it is not considered to be policy trend with respect to the Comptroller function. Whether it will prove to be successful as it presently exists or whether the Bureau of Naval Weapons will eventually revert to the generally accepted Comptrollership organization and functions remains to be seen.





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